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BEYOND THE TOOL-BOX – CSR EXAMINED FROM A PHILOSOPHICAL PERSPECTIVE

Summary. For most economists Corporate Social Responsibility (CSR) is seen as a tool-box containing useful instruments for enhancing the corporate profitability. By and large, the “business case for CSR” dominates the understanding of CSR especially among economists. However, from a philosophical perspective, such view seems to be quite questionable, since it is based on at least three myths: First of all, the assumption that morality always pays off is neither realistic nor in line with ethical demands. Secondly, the idea that CSR-success can be measured in a form of corporate social performance seems to be problematic. And last but not least, the idea that corporations can learn from best practice raises fundamental questions since it remains unclear what best practice means in the context of CSR.

Keywords: Corporate Social Responsibility (CSR); Responsibility; Morality; Ethics; Business Ethics.

WYKRACZAJĄC POZA PODEJŚCIE INSTRUMENTALNE – ANALIZA CSR Z PERSPEKTYWY FILOZOFICZNEJ

Streszczenie. Większość ekonomistów postrzega społeczną odpowiedzialność przedsiębiorstw (*Corporate Social Responsibility – CSR*) jako koncepcję dostarczającą użyteczne instrumenty do zwiększania rentowności firmy. Takie biznesowe i proefektywne pojmowanie CSR dominuje szczególnie wśród ekonomistów. Jednak z perspektywy filozoficznej, takie poglądy mogą być podane w wątpliwość, ponieważ opierają się na co najmniej trzech mitach: po pierwsze, założenie, że moralność zawsze się opłaca nie jest ani realistyczne, ani zgodne z wymogami etycznymi; po drugie, wyobrażenie, że sukces CSR może być mierzony za pomocą wyników działalności społecznej przedsiębiorstwa jest bardzo problematyczne; po trzecie, pomysł, że korporacje mogą uczyć się na podstawie najlepszych praktyk, nasuwa fundamentalne wątpliwości, gdyż nie wiadomo co oznacza najlepsza praktyka w kontekście CSR.

Słowa kluczowe: *Corporate Social Responsibility (CSR)*, odpowiedzialność, moralność, etyka, etyka biznesu.

1. Introduction

For most economists Corporate Social Responsibility (CSR) is seen as a tool-box containing useful instruments for meeting the challenges of globalizing economies. CSR instruments like whistle-blower hotlines, detailed codes of conduct or elaborated stakeholder-management conceptions are implemented to reduce the reputational risks and to decrease the likelihood that a corporation gets involved in corporate scandals. Furthermore, various empirical studies aim at confirming a positive relation between a business social and financial performance. Relying on the “business case for CSR” the companies engage in philanthropic activities, join CSR-initiatives like the Global Compact or report their social activities in accordance with the Global Reporting Initiative’s reporting standards for enhancing their reputation and thus, creating new economic opportunities.

However, from a philosophical point of view this perspective seems to be quite questionable. At least three myths can be identified: (1) The assumption that morality always pays off is neither realistic nor in line with ethical demands. It easily leads to the dangerous reverse assumption: What pays off is ethical. (2) The idea to measure CSR-success in a form of corporate social performance from a philosophical perspective is at least witless. How you want to measure “responsibility”? (3) The idea that corporations can learn from best practice also raises fundamental questions. How can we know what the best practice is?

The assumption that the corporations engage voluntarily in CSR activities contradicts a philosophical understanding of “responsibility”. Responsibility means that somebody is accountable for what he has done. This is neither voluntary nor discretionary. To present this, the paper is structured as follows: In the next section we give a brief overview of the philosophical groundwork of the term “responsibility”. In the third section we turn the focus to the various definitions of Corporate Social Responsibility (CSR) as a new field of business ethics. In the fourth section we explain our critique of the CSR conception more in detail and detect the myths behind the “business case for CSR”. The fifth section summarizes our findings and gives some concluding remarks.

2. The Philosophical Groundwork of “Responsibility”

Even in philosophy “responsibility” is a quite new term. It is neither at the core of ancient nor at the center of medieval ethical conceptions. This does not mean that responsibility – as a term which describes the relationship between an actor and the consequences of his actions – has been ignored. Thus, for example Aristotle refers to the prerequisites under which a person becomes guilty and mentions, among other things, knowledge about the possible

consequences of one's actions or voluntariness of the deed¹. Similarly, in the medieval theological tradition responsibility the duty of the Christian to respond to God and to give account of his earthly life is literally meant. In this sense – as for example Aquinas mentions – the guilt “proceeds from the free will of the person who is reprobated and deserted by grace”². However, responsibility, as we understand it today, did not become a central element of philosophical reflections before the beginning of the 19th century³. But at first in the second half of the 20th century, with the upcoming of “applied ethics” as a new field in philosophical ethics, “responsibility” became a central term in ethics⁴.

In general, responsibility is an action-theoretical term consisting of at least three elements: subject of responsibility, object of responsibility and authority of responsibility^{5 6}.

Subject of responsibility denotes the subject we consider to be responsible for something. The question is: Who is responsible? In this way the “subject” includes natural and legal persons as well as groups of persons. The subject of responsibility becomes visible if we are talking about “personal” responsibility or “corporate responsibility”.

The object of responsibility, as the second key element of responsibility, denotes the range of responsibility. The question is: What the person is responsible for? The object of responsibility includes all kinds of actions as well as their intended or not intended consequences. Furthermore, one can also be responsible for the pure “speech-acts” which in practice means that the commanding officer who commands the shooting of an innocent prisoner is equally responsible as the soldier who executes the command. In this sense we are talking about “social responsibility” or “ecological responsibility” to identify the object of responsibility.

The third element is the authority of responsibility which describes the instance vis-à-vis a person who has to take on responsibility. The question here is: Whom we are responsible to? This describes the formal authorities – like a court, tribunal or commission – as well as informal authorities – like our own conscience or the broader public. In this sense we say that somebody has to take on the “legal responsibility” or that someone has a “moral responsibility” to indicate such “locus” of responsibility.

Otfried Höffe, a German philosopher, adds a fourth element to this conception of responsibility. He notes that responsibility derives from a normative background⁷. We can only ascertain whether a person is responsible if we can say why. This means that we need

¹ Aristotle: *Nicomachean Ethics* (ed.): Bartlett R.C., Collins S.D., Chicago University Press, Chicago, IL 2011, 1110a-1111b.

² Aquinas T.: *Summa Theologiae*, (ed.): Fathers of the English Dominican Province. Ave Maria Press, Notre Dame, IN 1981, I 23, 3.

³ Heidbrink L.: *Der Verantwortungsbegriff der Wirtschaftsethik*, [in:] Abländer M.S. (ed.): *Handbuch Wirtschaftsethik* J.B. Metzler Verlag, Stuttgart 2011, p. 188.

⁴ Jonas H.: *The Imperative of Responsibility*. The University of Chicago Press, Chicago IL 1985,

⁵ Heidbrink L.: *Der Verantwortungsbegriff ...*, op.cit., p. 190-191.

⁶ Abländer M.S.: *Grundlagen der Wirtschafts- und Unternehmensethik*. Metropolis Verlag, Marburg 2011, p. 123-126.

⁷ Höffe O.: *Moral als Preis der Moderne*. Suhrkamp Verlag, Frankfurt am Main 1993, p. 23-33.

a commonly accepted rule for making somebody responsible. A simple example for this is a policeman: It is his professional duty to protect others from being robbed. If he fails to act he can be made responsible for such neglect of duties. So the policeman is responsible in this case simply because of his role as a policeman. So the question is: Why is somebody responsible? In this context we speak about the “contractual obligations” or – in the case of the policeman – about the “role responsibilities”. To sum up: If we want to clarify whether a single person in a distinct case can be made responsible we have to ask: Who is responsible, for what actions, vis-à-vis which authority, based on which rule?

It should be noted at this point that the term responsibility in a philosophical discussion is quite more complicated than the outlined above. An example for this is a discussion between Karl Jaspers and Hannah Arendt concerning the question of whether the Germans can be held collectively liable for the Nazi regime. While Karl Jaspers insisted on a collective guilt of all Germans, Hannah Arendt made a very sophisticated distinction between the individual guilt of those who were directly involved in the Nazi-crimes and a collective responsibility of all Germans as a nation⁸. Criticizing the “liability model” of responsibility, as mentioned above, as insufficient to capture the structural injustice, recently the American Philosopher Iris Marion Young has extended this conception and developed what she calls a “social connection model of responsibility”⁹.

Such more precise delineations between the various types of responsibility might become important also in the corporate context. Thus for instance, in a recently published article, Andreas Scherer and Guido Palazzo refer to the “social connection model” of Iris Marion Young to justify corporate social responsibilities¹⁰. Going one step further we could also ask whether the company’s shareholders can be held collectively responsible for the frauds committed by the company simply due to the fact that they hold the company shares.

However, for our purposes, the “basic-model” of responsibility proves to be sufficient. If we transfer this conception to the idea of corporate social responsibility this would mean that CSR focuses on corporations as a subject of responsibility, that CSR describes the social and ecological obligations beyond the law as object of responsibility, that CSR refers to a broader public as an authority of responsibility, and that CSR is based on the idea that companies bear a moral obligation to contribute to the common wealth.

⁸ Arendt H.: *Organized Guilt and Universal Responsibility*, [in:] Arendt H.: *Essays in Understanding 1930-1954*. Harcourt, Brace & Co., New York 1994.

⁹ Young I.M.: *Responsibility for Justice*. Oxford University Press, New York 2011, p. 95-122.

¹⁰ Scherer A., Palazzo G.: *The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy*. “*Journal of Management Studies*”, No. 48(4), 2011.

3. Corporate Social Responsibility – Mapping the Territory

The debate about CSR started in the United States as early as at the beginning of the 20th century. Maurice Clark, in his article titled “The Changing Basis of Economic Responsibility”, challenged the academic community by asserting that economists “have inherited the economics of irresponsibility” and called for (...) “the economics of responsibility, developed and embodied in our working business ethics”¹¹. He concludes: “The world is familiar enough with the conception of social responsibilities (...) But the fact that a large part of them are business responsibilities has not yet penetrated...”¹².

Though Clark’s arguments have not been echoed widely in the academic community, after the second world-war voices increased demanding that corporations have to accept the responsibilities in the society. In 1953 Howard Bowen, in his famous book “Social Responsibilities of the Businessman”¹³, outlined the idea that the corporations bear social responsibilities too that go beyond the pure compliance with the law and profit-making on behalf of the company’s shareholders. In the following years a lot of authors raised their concerns about dubious business practices, pure shareholder-orientation and hazardous conditions of production and prompted the businesses to meet their corporate social responsibilities^{14 15 16}. This critique was accompanied by the numerous business scandals such as the Love Canal contamination or the Ford Pinto case. However, at this time CSR was rather an idea than a conception.

Hence, Archie Carroll’s article “A Three-Dimensional Conceptual Model of Corporate Social Performance” published in the *Academy of Management Review* in 1979 became a milestone in the CSR-debate. Archie Carroll outlined that the corporations bear four different types of responsibilities – economic, legal, ethical and discretionary. While the first dimension of corporate responsibilities concerns what is *required* by the community and includes the economic as well as legal responsibilities, the second dimension refers to the issues that are *expected* by the community and complies with the ethical responsibilities of the corporation. The last dimension includes all what is *desired* by the community but is not supported by legal or ethical sanctions and therefore, describes the pure philanthropic or discretionary responsibilities which the corporations can assume on a voluntary base. In the next decades the Archie Carroll’s model became a reference point in the corporate social responsibility debate. Although differing traditions and national political frameworks have led

¹¹ Clark M.: The Changing Basis of Economic Responsibility. “The Journal of Political Economy”, No. 24(3), 1916, p. 210.

¹² Ibidem, p. 229.

¹³ Bowen H.R.: Social Responsibilities of the Businessmen. University of Iowa Press, Iowa City, IA 2013.

¹⁴ McGuire J.W.: Business and Society. McGraw-Hill Books, New York 1963.

¹⁵ Walton C.C.: Corporate Social Responsibilities. Wadsworth Publishing, Belmont CA 1967.

¹⁶ Heald M.: The Social Responsibilities of Business. Case Western Reserve University Press, Cleveland, OH 1970.

to the different interpretations of the single issues defined by this theory – CSR has started to shape a new understanding of the role of corporations in the society.

However, the conception is less clear than the one outlined by Carroll. The main problem concerns a fundamental different understanding of CSR in the Anglo-American way and in the Continental-European tradition. While the American perspective of CSR – in addition to committing to economic and legal obligations – mainly focuses on the “ethical responsibility” and “corporate philanthropy”¹⁷, the European perspective is aligned with the so-called “Triple Bottom Line”¹⁸ and the idea of sustainable development¹⁹. Moreover, for the European countries with well-developed welfare systems, corporate philanthropy is less important than for the Americans. For Europeans the social issues are perceived as “governmental task” in the first row²⁰. This means that governments either have to ensure the corporations’ social engagement by law or support socially and economically deprived groups by their own programs²¹. Even Archie Carroll is aware that corporate philanthropy counts less in the European context. Remembering a presentation of his conception in Helsinki he writes: “While presenting this idea in Helsinki, Finland, for example, I found that the Finns do not regard philanthropy highly because in their system, high taxes are considered by the businesses to serve more than to take care of these kinds of citizenship expectations”²².

Another problem concerns the insufficient delimitation of CSR from the similar conceptions, like Corporate Citizenship (CC) or Corporate Accountability (CA), in scholarly literature. This problem becomes quite obvious when looking at Carroll’s widely cited work on CSR. While originally defining CSR as an economic, legal, ethical, and discretionary obligation²³, several years later Carroll labels the very same four components of CSR as the four “faces” of Corporate Citizenship²⁴. And fairly recently, Carroll even used the terms like CSR and CC as interlocking concepts pointing out that CSR should be seen as a part of the broader CC term, which also includes corporate social responsiveness and corporate social performance, thus describing the whole range of social responsibility issues²⁵. Hence, after

¹⁷ Carroll A.B.: Social Responsibility, [in:] Werhane P.H., Freeman R.E. (ed.): *Encyclopedic Dictionary of Business Ethics*. Blackwell Publishing, Malden, MA 1998.

¹⁸ Elkington J.: *Cannibals with Forks – The Triple Bottom Line of 21st Century Business*. Capstone, Oxford 1999, p. 69-94.

¹⁹ Bowie N.E., Werhane P.H.: *Management Ethics*. Blackwell Publishing, Malden, MA 2005, p. 114.

²⁰ Matten D., Moon J.: “Implicit” and “Explicit” CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility. *“Academy of Management Review”*, No. 33(2), 2008, p. 407-410.

²¹ Aßländer M.S.: Corporate Social Responsibility as Subsidiary Co-Responsibility. A Macroeconomic Perspective. *“Journal of Business Ethics”*, No. 99(1), 2011, p. 116.

²² Carroll A.B.: Managing Ethically with Global Stakeholders: A Present and Future Challenge. *“The Academy of Management Executive”*, No. 18(2), 2004, p. 118.

²³ Carroll A.B.: A Three-Dimensional Conceptual Model of Corporate Social Performance. *“Academy of Management Review”*, No. 4(4), 1979.

²⁴ Carroll A.B.: The four Faces of Corporate Citizenship. *“Business and Society Review”*, No. 100(1), 1998.

²⁵ Buchholtz A.K., Carroll A.B.: *Business and Society*. South-Western Publishing, Mason, OH 2009, p. 33.

more than thirty years of scholarly discussion²⁶, Crane et al. rightly conclude that “definitions of the term abound to the extent that even now there is no strong consensus on a definition for CSR.”

But also in business practice a commonly accepted definition of CSR is not at hand at present. Most practitioners tend to emphasize an instrumental perspective of CSR and stress that CSR leads to win-win situations. Hence, they see CSR as an instrument that helps to increase the long-term profits by reducing costs²⁷, improving reputational capital²⁸ or buffering risks posed on the company by the regulatory authorities and activists²⁹. Hence, especially from the practitioners’ perspective CSR has become one of the most prominent topics in the business ethics discussion. Although there are differences in the accentuation of what should be the core elements of these conception, ideas on CSR have started to shape a new understanding of the role of corporations in society.

4. Busting the Myths of CSR

It has become obvious that despite the ongoing academic discussion and the increased awareness of corporations vis-à-vis their “corporate responsibilities” the role of corporations in society defined by these conception remains ambiguous: From a technical perspective, CSR is seen as a strategic tool that might enhance profitability³⁰ while at the same time CSR should guarantee corporations’ commitment to adhere to legal and moral standards of society³¹. Additionally, from a community-perspective, CSR should motivate the corporations to contribute voluntarily to common good by the philanthropic or so-called corporate citizenship engagement³².

Hence, when assessing CSR from a philosophical view, such instrumental interpretation of corporation’s responsibilities seems to be indefensible. Especially three concerns arise:

(1) It is one of the basic assumptions of the contemporary CSR conception that the “responsible behavior” yields a financial return for the company. In this way, CSR-

²⁶ Crane A., McWilliams A., Matten D., Moon J., Siegel D.S.: The Corporate Social Responsibility Agenda, [in:] Crane A. et al. (ed.): The Oxford Handbook of Corporate Social Responsibility. Oxford University Press, Oxford 2009, p. 5.

²⁷ Utting P.: Corporate Responsibility and the Movement of Business. “Development in Practice”, No. 15(3&4), 2005, p. 380.

²⁸ Gardberg N.A., Fombrun C.J.: Corporate Citizenship: Creating Intangible Assets across Institutional Environments. “Academy of Management Review”, No. 31(2), 2006, p. 330-332.

²⁹ Haufler V.: A Public Role for the Private Sector. Industry Self-Regulation in a Global Economy. Carnegie Endowment for International Peace, Washington DC 2001, p. 42.

³⁰ Urip S.: CSR-Strategies – Corporate Social Responsibility for a Competitive Edge in Emerging Markets. Wiley & Sons, Hoboken NJ 2010.

³¹ Carroll A.B.: A Three-Dimensional Conceptual Model of Corporate Social Performance. “Academy of Management Review”, No. 4(4), 1979.

³² Habisch A., Jonker J. (ed.): Corporate social Responsibility across Europe. Springer, Berlin 2005.

engagement creates a “win-win-situation” for the companies. By investing in social issues the companies may increase their reputation capital and gain the competitive advantage. Thus, especially consultants and business practitioners tend to emphasize that CSR-activities correspond with the “enlightened self-interest” of corporations because they help to stabilize the corporate environment to avoid state regulation of critical issues, to lower the pressure of Non-Governmental Organizations (NGOs), and to increase the non-financial capital-base (human capital, social capital etc.)³³.

Thus, for example, the ISO 26000 Guidance on Social Responsibility³⁴ promises that: “...the perception and reality of an organization’s performance on social responsibility can influence, among other things: its competitive advantage; its reputation; its ability to attract and retain workers or members, customers, clients or users; the maintenance of employees’ morale, commitment and productivity; the view of investors, owners, donors, sponsors and the financial community; and its relationship with the companies, governments, the media, suppliers, peers, customers and the community in which it operates”. And similarly, Kotler and Lee take it for granted that CSR-engagement of a company entails: “Increased sales and market share, strengthened brand positioning, enhanced corporate image and clout, increased ability to attract, motivate, and retain employees, decreased operating costs, [and] increased appeal to investors and financial analysts”³⁵.

How this “being well by doing good” really works Bobby Banerjee elucidates with some illustrative examples. Thus, for instance, the oil-company British Petrol (BP) made laudable efforts for energy-saving and greenhouse-gas reduction. But, whereas the company had to spend about \$20 million for this purpose until 2007, it pocketed an estimated savings of \$650 million at the same time³⁶. Such investment, popularly criticized as “green-washing”, must be seen as a pure strategic CSR-investment aimed at cost-reduction in the first row and this might explain what it means to yield profits by “responsible behavior”.

Furthermore, the question of whether or not a socially responsible behavior might really enhance profitability is discussed controversially in literature. Even though various studies seem to confirm a positive association between the company’s social (CSP) and financial performance (CFP)³⁷, critical scholars see such possible interrelation more skeptical³⁸. In general, such meta-studies, seemingly proving a positive correlation between CSP and CFP, should be read with caution, not at least as the specification of a “company’s social

³³ Leisinger K.M.: Corporate Philanthropy: “The Top of the Pyramid”. “Business and Society Review”, No. 112(3), 2007.

³⁴ ISO: International Standard ISO 26.000: Guidance on Social Responsibility. ISO 26000:2010(E).

³⁵ Kotler P., Lee N.: Corporate Social Responsibility – Doing the Most Good for Your Company and Your Cause. John Wiley & Sons, Hoboken NJ 2005, p. 10-11.

³⁶ Banerjee S.B.: Corporate Social Responsibility – The Good, the Bad and the Ugly. Edward Elgar, Cheltenham 2007, p. 56.

³⁷ Orlitzky M., Schmidt F.L., Rynes S.L.: Corporate Social and Financial Performance: A Meta-Analysis. “Organizational Studies”, No. 23(3), 2003.

³⁸ Margolis J.D., Elfenbein H.A.: Do Well by Doing Good? Don’t Count on It. “Harvard Business Review”, No. 86(1), 2008.

performance” differs among the various studies³⁹. As Subhabrata Bobby Banerjee notes, only about half of 127 CSP–CFP studies that were conducted in the period from 1972 to 2002 could verify a positive association between CSP and CFP. However, neither could the surveys confirm a negative correlation⁴⁰.

What makes the morality-pays-off-thesis so difficult from a philosophical point of view are at least two issues. Firstly, the assumption “morality pays off” easily changes to the opposite assumption “morality has to pay off”. But what happens if this will not be the case? Is it legitimate to ignore the moral demands because they hinder the business success? To comply with the moral standards dependent from profitability, at least from a philosophical point of view, it seems to be unacceptable. From a philosophical stance the ethical rules cannot be overridden by the financial interests.

But secondly, the “morality pays off” thesis struggles with an inherent shortcoming. While there is no doubt that moral behavior and extraordinary efforts, in favor of the community, may enhance reputation, such reputation easily is lost if the efforts are undertaken as the strategic means for business purposes. It is inherent in the nature of reputation, defined as a signal of corporate credibility, that this credibility is jeopardized if “reputation” is misused as an instrument for profit maximization⁴¹. In this sense “reputation” is paradoxical by nature: You can earn reputation by acting morally and then reputation might result in a financial outcome; but if you act morally to earn reputation as the means for money-making you will neither earn reputation nor will this result in higher earnings.

The business ethicist Norman Bowie, referring to the Kantian distinction between acting “from duty” and acting “in accordance with duties”, elucidates this paradox of reputation, explaining “that if you act out of duty you will be rewarded, but you must not think about or expect the reward because if you do you will not receive the reward”⁴². This is true also for all other advantages of moral behavior listed by the various apologists of the “morality pays off” hypothesis. If you behave morally for attracting or motivating workforce or for looking good for potential investors such behavior will not pay off in the long run.

(2) The second problematic issue, from the philosophical point of view, concerns the assumption of most business practitioners that CSR efforts can be measured and compared. On the one hand, it is assumed that reporting in line with the commonly accepted reporting standards like, for instance, the Global Reporting Initiative Standard GRI, enhances transparency and allows comparing the efforts of different enterprises. Such reporting standards create the imagination that CSR can be produced and recorded. CSR-investments, thus the conviction, yield corporate reputation, and reputations represent an intangible asset of

³⁹ Schreck P.: Zum „Business Case for CSR“ – Konzeptionelle Überlegungen vor dem Hintergrund empirischer Erkenntnisse, [in:] Abländer, M. S., Löhr, A. (ed.): Corporate Social Responsibility in der Wirtschaftskrise, Rainer Hampp Verlag, München 2010, p. 228-229.

⁴⁰ Banerjee S.B.: Corporate Social Responsibility, op.cit., p. 25-26.

⁴¹ Abländer M.S.: Honorableness or Beneficialness? Cicero on Natural Law, Virtues, Glory and (Corporate) Reputation. “Journal of Business Ethics”, No. 116(4), 2013.

⁴² Bowie N.E.: Business Ethics – A Kantian Perspective. Blackwell Publishing, Malden, MA 1999, p. 131.

a company. For Charles Fombrun, in addition to the physical capital (liquidation value), the market capital (financial assets), and the intellectual capital (know-how), such “reputation” (value of brands and stakeholder relationships) is a fourth essential part of the company’s market value⁴³. But, while other intangible assets consist of the registered private properties – such as patents, brands, and copyrights – or of codified intellectual properties – such as software, formulae or recipes – reputation remains quite unspecific and is based on the “goodwill” of a company’s stakeholders⁴⁴.

Going one step further the first companies, like Puma, have started to report their CSR efforts in the social and environmental profit and loss accounts. However, these efforts are commented quite critically. Thus, for example, Chris MacDonald in the Canadian Business Magazine warns about such unsound trials: “It’s attractive, but very dangerous, to try to calculate a ‘bottom line’ for a firm’s social or environmental performance. Attractive, because key stakeholders are increasingly interested in knowing those kinds of details. But the main danger should be obvious: there’s just no way to add up the disparate factors that make up a firm’s social or environmental performance”⁴⁵.

But it is not only the stakeholders who are interested in such detailed analysis of the company’s social and environmental efforts. Also the financial analysts are increasingly interested in a classification and a ranking of CSR activities as they may use these rankings as a basis for the offering of so-called “green funds” or other forms of social responsible investments (SRI). Though the market shares of SRI are comparatively small the SRI market has grown faster than the conventional funds market over the last years. Thus, from side of funds-managers the interest in the reliable “CSR data” has increased, since they need these data as screening criteria for including the investments in their funds-universe⁴⁶. Thus, CSR-reports summarizing a corporation’s environmental and social policy become a kind of performance indicator which allows it to assess the financial risks resulting either from a factual corporate misbehavior or from discrediting the corporation by naming and shaming campaigns of critical NGOs.

The first, obvious problem is that responsibility, as a philosophical term, denotes the ascription of the consequences of a distinct action to an actor, and thus it can hardly be translated into economic terms such as priced corporate assets or performance indicators. This does not mean that social reporting might not serve as a documentation of the social and environmental policy of corporation. However, such reporting does not enable comparing the quality of different environmental and social efforts of one or diverse companies. Here the

⁴³ Fombrun C.J.: Corporate Reputation as Economic Assets, [in:] Hitt M.A., Freeman R.E., Harrison J.S. (ed.): Handbook of Strategic Management. Blackwell Publishers, Oxford 2001, p. 305.

⁴⁴ Gardberg N.A., Fombrun C.J.: Corporate Citizenship: Creating Intangible Assets..., op.cit., p. 331.

⁴⁵ MacDonald C.: Puma’s Environmental Profit-and-Loss. Canadian Business Magazine, 2011, <http://www.canadianbusiness.com/blogs-and-comment/pumas-environmental-profit-and-loss/> (2014-10-20).

⁴⁶ Abländer M.S., Schenkel M.: Responsible Investment and Exclusion Criteria: A Case Study from a Catholic Private Bank, [in:] Vandekerckhove W. et al. (eds.): Responsible Investment in Times of Turmoil. Springer, Berlin 2011, p. 137.

question arises how to compare the various activities of a company with one other – like, for instance, implementing a waste management system, taking measures for fighting corruption, promoting vaccination against hepatitis B in India, sponsoring of a sports event in Germany, or donations to Aids orphans' orphanage in South Africa⁴⁷. In general, the problems are two-fold: Since we cannot measure the “financial” effect of such activities we have no common unit for describing their impact in a comparable manner. Hence, all attempts to measure the impacts of the company's environmental and social policy in the manner of a profit-loss-account become highly questionable. Thus, a critic of Puma in the Canadian Business Magazine-blog rightly asks: “What's the dollar value of the loss of species? Is the value of a beautiful scenery really captured by summing up how much each of us would be willing to pay to preserve it?”⁴⁸.

On the other hand, from the philosophical point of view, it remains questionable whether the efforts lacking in one field of CSR can be compensated by the extended activities in another. To be more concrete: Can corporations compensate for a lack of efforts in protecting labor rights at their suppliers by, for instance, supporting a UN campaign against child labor? From the philosophical point of view, neither labor rights nor the ban of forced child labor are subject of negotiation and each attempt to counterbalance the one against the other means ignoring the fundamental moral obligations.

(3) The last critique of the contemporary CSR conception concerns the idea that the corporations can learn about CSR by looking at best-practice examples. This approach is common especially among the consultants, who regularly list the various samples of successful “CSR-strategies” in their handbooks and brochures. Thus, for instance, obviously inspired by Michael Porter and Mark Kramer's idea of “strategic philanthropy”⁴⁹, Philip Kotler and Nancy Lee list the “Twenty-five Best Practices for Doing the Most Good for the Company and the Cause”⁵⁰. Of course, empirical evidence for the success of these “best strategies” proposed is not shown. And at Werther and Chandler's book “Strategic Corporate Responsibility”⁵¹, in a chapter titled “Companies Trying to Do CSR Well”, we find, among others, the companies like Monsanto, Nestlé, Wall-Mart and Shell – all the companies which have been subject of diverse corporate scandals over the past years. Given this background, it is not surprising that most of the cases collected in this chapter are more about the failures of these companies rather than about their CSR success.

⁴⁷ Abländer M.S., Schenkel M.: SRI as Driver for CSR? Ethical Funds, Institutional Investors and the Pursuit of the Common Good, [in:] Bonanni C., Lépineux F., Roloff J. (eds.): Social Responsibility, Entrepreneurship and the Common Good. Palgrave Macmillan, Houndmills 2012, p. 198.

⁴⁸ MacDonald C.: Puma's Environmental Profit-and-Loss ..., op.cit.

⁴⁹ Porter M.E., Kramer M.R.: The Competitive Advantage of Corporate Philanthropy. “Harvard Business Review”, Reprint R0212D, 2002.

⁵⁰ Kotler P., Lee N.: Corporate Social Responsibility ..., op.cit., p. 235-261.

⁵¹ Werther W.B., Chandler D.: Strategic Corporate Social Responsibility. Sage Publishing, Thousand Oaks CA 2006.

Such idea that “learning from the best” will lead to an effective realization of CSR-programs by applying the already tested strategies which have proved to be “successful” on the markets is quite myopic. It is based on a “one-size-fits-all” assumption which is neither realistic nor backed by theory. Quite the opposite: An “unprecedented competitive environment (...) forces industrial marketers to differentiate their products from their competitors to create value for the buyers”⁵². This also means that the companies have to create the distinct CSR-strategies which reflect the respective corporation’s *unique* identity for differentiating from the rivals.

However, the idea of “learning from best practice” is not only common among the consultants but is also fostered by the government officials, especially in the EU, who attempt to promote CSR by offering various platforms and multi-stakeholder fora⁵³ where companies can discuss and report their (good) experiences with CSR. Opposite to the US-American tradition where CSR topics have been discussed widely in academic and business practice over the decades, in Europe the CSR-movement has been initiated by political bodies^{54,55}. Thus the EU tries to provide a platform for the companies to report the activities and to share the practical experiences. The idea is that the companies may learn from one other and thus, CSR-activities will reach a more elaborate level⁵⁶. By discussing the positive examples of other firms’ CSR-engagement, lagging companies should be also encouraged to invest in the social and environmental issues which – by the way – helps to relieve the domestic budgets for the environmental and social issues. Such “political” perspective on the advantages of CSR-engagement makes clear that the perceptions of what best practice is may differ fundamentally. While governments see such CSR engagement as an opportunity to reduce their budgets for the social, educational or environmental programs, the corporations see such investments from a strategic perspective which means that CSR activities should contribute to the economic success of the company.

Even if Porter and Kramer state that “no inherent contradiction between improving competitive context and making a sincere commitment to bettering society”⁵⁷ exists, such contradicting expectations make it difficult to clarify what kind of “philanthropic engagement” should be labelled as best: Is it the strategic (no longer discretionary) investment which serves the interest of the company best? Or is it the engagement which serves the community best to solve most pressuring social or environmental problems? It becomes

⁵² Lai C.-S., Chiu C.-J., Yang C.-F., Pai D.-C.: The Effects of Corporate Social Responsibility and Brand Performance: The Mediating Effect of Industrial Brand Equity and Corporate Reputation. “Journal of Business Ethics”, No. 95(3), 2010, p. 457.

⁵³ Diamantopoulou A.: Foreword, [in:] Habisch A. et al. (ed.): Corporate Social Responsibility across Europe. Springer, Berlin 2005.

⁵⁴ Abländer M.S.: Corporate Social Responsibility as Subsidiary..., op.cit., p. 117-118.

⁵⁵ Matten D., Moon J.: A Conceptual Framework for Understanding CSR, [in:] Habisch A. et al. (ed.): Corporate Social Responsibility across Europe. Springer, Berlin 2005.

⁵⁶ Albareda L., Lozano J.M., Tamyko Y.: Public Policies on Corporate Social Responsibility: The Role of Governments in Europe. “Journal of Business Ethics”, No. 74(4), 2007

⁵⁷ Porter M.E., Kramer M.R.: The Competitive Advantage..., op.cit., p. 16.

obvious that the perception of what “best-practice” is depends on the audience. Environmental groups, human rights activists or anti-globalists might have a quite different understanding of the “best practice” of CSR than the governments, local communities or politicians of various parties. And even among the companies the perception of best practice depends on the targets of the companies that they want to reach by the means of their CSR-engagement. Since no commonly accepted definition of CSR exists which would allow clarifying the scope of such activities we have no reference point for “best” in the sense of best practice. Thus “best” becomes a discretionary term which enables the companies to pick those CSR-practices as “best” which meet their own intentions best – but will not really contribute to bettering society.

5. Conclusion – CSR Beyond the Toolbox

When looking from a philosophical perspective, CSR turns out to be rather a new business instrument than a serious reflection of corporate responsibilities or about the corporations’ role in the society. The promise of “being well by doing good” and the management attitude of “what gets measured gets done” hinder serious reflections of what responsibility would mean in the business context. CSR is seen as a tool-box containing various instruments such as whistle-blower hotlines, detailed codes of conducts, elaborated reporting standards etc. which help to create a “responsible corporation”. As a strategic instrument CSR is used to increase corporate earnings and should function as a kind of “insurance” which helps to reduce the likeliness that the corporation gets involved in corporate scandals. Or as Klaus Leisinger⁵⁸, the chairman of the Novartis foundation, which serves as a think-tank for the Swiss-based pharmaceutical company, puts it: “The main motives for ‘doing well by doing good’ (...) are to enhance overall corporate image, improve relations with political stakeholders, and foster brand recognition for corporate goods and services...” Thus, the “record of responsible behavior plus corporate philanthropy (...) [should] help to mitigate public criticism of corporate behavior.”

Referring to our initial philosophical definition of CSR as corporations’ social and ecological obligations vis-à-vis the public it becomes obvious that such instrumental view on CSR, as expressed by Leisinger, disregards the original meaning of “responsibility”. As a philosophical term “responsibility” defines moral obligations on the basis of ethical rules which are binding not because of profit promises but due to the obligatory character of the ethical rule. This has nothing to do with strategic considerations and – however defined – a business case for CSR. Such instrumental view on responsibility narrows the scope of

⁵⁸ Leisinger K.M.: Corporate Philanthropy: “The Top of the Pyramid...”, op.cit., p. 326.

corporate moral obligations and in fact eliminates “social” from “corporate *social* responsibility”.

But even in the business context such myopic view on responsibility turns out to be less successful than it is expected by the advocates of the business case. Over the last years many companies have been awarded for their CSR efforts or their business ethics programs which later on have been compromised by corruption scandals or have been accused by NGOs of violating the fundamental environmental or social standards which they have advertised in their glossy reports. The list of examples of such companies includes firms like Enron, Parmalat or Siemens – and it is not difficult to find more. While the companies like the above mentioned pharmaceutical giant Novartis try to please the public by donation programs, free medication and other kinds of philanthropic engagement, the same company faces fierce critique by human rights activists accusing the company of their rigid patent policy which disables the access to medicine for many of the poor.

However, even such “politicization” of the CSR by NGOs and the critical public cannot replace the serious reflection on this topic. Quite the opposite, such political view on CSR, as advocated by the most of political campaigners, entails the danger to stretch the responsibilities of corporations unlimitedly to any topic defined by these NGOs in the world society in general⁵⁹, but leaves other serious topics untouched. If CSR should not become a fig-leaf for arbitrary corporate strategies on the one hand, or discretionary campaigns against corporations on the other hand, the time has come to return to a serious reflection about what “responsibility” should mean in the corporate context.

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⁵⁹ Baumann-Pauly D., Scherer A.G.: The Organizational Implementation of Corporate Citizenship: An Assessment Tool and its Application at UN Global Compact Participants. “Journal of Business Ethics”, No. 117(1), 2013, p. 3-5.

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Omówienie

Ekonomiści w większości postrzegają CSR jako koncepcję zawierającą użyteczne instrumenty zwiększające rentowność przedsiębiorstwa. Z perspektywy filozoficznej, taki pogląd powinien zostać odrzucony, ponieważ: (1) założenie, że moralność jest opłacalna nie jest ani potwierdzone empirycznie, ani nie odzwierciedla normatywnego charakteru koncepcji odpowiedzialności; (2) wyobrażenie, że sukces CSR może być kwantyfikowany za pomocą wyników działalności społecznej przedsiębiorstwa, pomija fakt, że „odpowiedzialność” jest w tym przypadku terminem teoretycznym; (3) pomysł, że korporacje mogą uczyć się na podstawie najlepszych praktyk, nasuwa wątpliwości, gdyż określenie tego, jak rozumiana jest „najlepsza praktyka” zależy od różnych celów i interesariuszy przedsiębiorstwa. Z tego powodu, przynajmniej z perspektywy filozoficznej, rozumienie CSR skupiające się na prezentowaniu CSR jako koncepcji służącej zwiększaniu rentowności przedsiębiorstwa i prowadzącej do „sytuacji, w której nie ma przegranych”, z której korzystają zarówno korporacje, jak i społeczeństwo powinno zostać odrzucone.